

Message Text

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PAGE 01 BANGKO 09793 041044Z
ACTION EA-12

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INFO USDOC

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E.O. 11652: N/A
TAGS: ENRG, BENC, TH
SUBJECT: STATUS OF THE NATURAL GAS PROJECT

REF: STATE 84006

1. ALTHOUGH AGREEMENT HAS NOT RPT NOT BEEN REACHED ON A NATURAL GAS PRICE FORMULA, THE PROJECT IS CONTINUING TO GATHER FORWARD MEMENTUM.

2. WITH REGARD TO PRICE, THE MINISTER OF INDUSTRY, WHO DEPARTED FOR CHINA IN COMPANY WITH THE PRIME MINISTER MARCH 29, HAS NOT, AS PROMISED (BANGKOK 8335), PROPOSED THAT UNION OIL BRING IN A HIGH-RANKING OFFICIAL FROM LOS ANGELES FOR POLICY TALKS. WE, AND UNION OIL OFFICIALS, ATTRIBUTE THE DELAY IN ISSUING INVITATION MAINLY TO MINISTER'S PREOCCUPATION WITH, AND THEN DEPARTURE ON, CHINA TRIP. UNION'S BANGKOK V-P WILL MEET WITH GAS PRICING SUBCOMMITTEE ARIL 7 TO SUM UP AND CLARIFY POSITIONS STAKED OUT ON MARCH 17. UNION V-P SAID HE REQUESTED MEETING BECAUSE OF RUMOR MILL STORES THAT UNION HAD "WALKED OUT" OF THAT SESSION.

3. TEXAS-PACIFIC COM. (T-P) DELEGATION FROM U.S. HELD PRICE TALKS WITH PRICING SUBCOMMITTEE MARCH 31, MET WITH RTG PIPELINE TECHNICAL COMMITTEE THIS MORNING, AND WILL
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MEET WITH PRICING SUBCOMMITTEE AGAIN ARIL 5. T-P OFFICIALS ARE OPTIMISTIC, AND REPORT THAT NEGOTIATING ATMOSPHERE IS EXCELLENT. CLIMATE IS UNDOUBTEDLY HELPED BY FACT THAT T-P MADE ANOTHER IMPORTANT GAS AND CONDENSATE DISCOVERY IN BLOCK 15 OFFSHORE IN MARCH AND THAT EXPLORATORY WELL CURRENTLY BEING DRILLED ALSO APPEARS PROMISING.

4. NATURAL GAS ORGANIZATION OF THAILAND (NGOT) ON MARCH 31 PICKED FLUOR, CORP. AS PRIME CANDIDATE, ON TECHNICAL GROUNDS, AS PIPELINE DESIGN/ENGINEERING/MANAGEMENT CONSULTANT. FLUOR TEAM PRESENTED COMMERCIAL PROPOSAL TO NGOT AFTERNOON APRIL 3 AND WILL LEAVE TWO-MAN TEAM HERE IN HOPE THAT DETAILED CONTRACT CAN BE SIGNED QUICKLY.

5. WITH REGARD TO VICE PRESIDENT'S VISIT, WE DOUBT THAT AGREEMENT WILL HAVE BEEN REACHED ON PRICE FORMULA BY EARLY MAY. SITUATION IS BECOMING COMPLICATED BY NEED FOR UNION AND T-P TO REACH AGREEMENT WITH RTG BY APRIL 22 ON RENEWAL OF CONCESSION AREAS (BANGKOK 1032). PRICE AND RENEWAL ISSUES, ALTHOUGH SEPARATE, ARE BEING LINKED BY RTG OFFICIALS WHO HOPE TO USE APRIL 22 DEADLINE AS LEVERAGE ON FIRMS TO ACCEPT RTG'S PRICE TERMS. WITH SO MUCH AT STAKE, WE ANTICIPATE THAT RTG AS WELL AS OIL FIRMS WILL WISH TO MOVE CAUTIOUSLY. WE CONSIDER IT LIKELY, HOWEVER, SIGNIFICANT HEADWAY TOWARD REACHING FINAL AGREEMENT WILL HAVE BEEN REACHED BY EARLY MAY. RETURN OF PRIME MINISTER AND MINISTER OF INDUSTRY FROM CHINA SHOULD HELP MATTERS.

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